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STATE PASS USTR  
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USTR FOR STRATFORD AND KATZ, TREASURY FOR TTYANG, FAA FOR  
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SUBJECT: INVESTIGATION CONTINUES ON CAL FIRE - BOLT OR  
WASHER TO BLAME?

#### Summary

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11. (SBU) Although Japanese aviation safety authorities are still investigating the cause of the fire that destroyed a Boeing 737-800 operated by China Airlines (CAL) on August 20, Taiwan's Civil Aeronautics Administration has suggested that an aircraft design flaw may be behind the incident. Taiwan authorities state CAL has been fully compliant with aircraft maintenance and inspection requirements. Boeing's Taiwan representative has expressed concern that this event could affect timing of Boeing's sale of its new 787 aircraft to CAL. End Summary.

#### Dramatic Photos of Plane in Flames

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12. (SBU) On August 20, leaking fuel ignited a fire that destroyed a China Airlines (CAL) Boeing 737-800, at Okinawa's Naha International Airport. Although there were no casualties among the 157 passengers and eight crew members, the extensive media coverage, including spectacular photos of the fire and ruined plane, conveyed the impression that CAL is still plagued by aircraft safety problems. Ironically, the fire occurred just two months after CAL renegotiated its liability insurance premium with Taiwan Fire & Marine Insurance Co. from USD 18 million to USD 13 million because of improvements in CAL's flight safety record over the preceding three years.

#### Taiwan Focuses on a Bolt

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13. (SBU) Lee Wan-lee, Director of the Flight Standards Division of Taiwan's Civil Aeronautics Administration (CAA) showed AIT Econoff and visiting U.S. Federal Aviation Administration Rep on August 31 parts from the CAL Boeing 737 that his inspectors had brought back from Okinawa. According to Lee, CAA's initial assessment is that the fire was caused by a bolt, part of the mechanism used to extend and retract the slats on the leading edge of the wing, coming loose and puncturing the plane's fuel tank. The resulting leaking fuel was ignited by the heat of the plane's engines. Lee claimed that maintenance and inspection of this particular assembly is very difficult because it is not readily accessible. He said CAA issued an air worthiness directive (AD) on August 24 requiring all Taiwan air carriers to inspect wing slat

assemblies on Boeing 737-800 aircraft within 20 days. Lee emphasized that CAA issued its AD one day before the U.S. Federal Aviation Administration (FAA) issued its own AD. On August 28, FAA issued a separate emergency air worthiness directive (EAD), requiring inspection of the wing slat assemblies within 10 days. CAA issued a corresponding EAD to Taiwan carriers the same day. In meetings with AIT, CAA and CAL representatives have highlighted the actions of the CAL flight crew in preventing casualties in the incident and CAL's compliance with Taiwan's aircraft maintenance and inspection requirements.

14. (SBU) CAA Director General Billy Chang (Kuo-cheng), along with Lee and other senior technical staff, met with AIT and the FAA regional representative on September 7. Chang reviewed CAA's theory about the cause of the plane fire, emphasizing that the nuts used to hold the wing slat bolt in place are not large enough (implying a design flaw). Lee provided data on eight cases of wing slat bolts (technically "slat track stop hardware") on Boeing 737-800s found to be loose or disconnected. He stated the data was provided by Boeing, and pertains to cases from January 1999 to July 2007 involving five different airlines, not including CAL.

15. (SBU) CAL completed the inspection of its 13 737-800 aircraft on September 8, and submitted a report to CAA and Taiwan's Aviation Safety Council (ASC) on September 9. Although CAL has not made any public statement about the inspections, CAA announced that its analysis of the report indicated 100 of 208 nuts were insufficiently tight. Japan's Civil Aviation Bureau (CAB), the agency responsible for investigating the CAL fire in Okinawa, notified FAA that inspection of Boeing 737-800s by Japanese carriers found one case of loose slat track stop hardware on a plane where there was no record of maintenance for that assembly. The Japan CAB

suggested that a necessary washer which was part of the assembly may not have been installed in the manufacturing process.

#### Boeing Worries about Impact on 787 Sale

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16. (SBU) Boeing's Taiwan representative told AIT on September 12 that because of the CAL fire, it is unlikely that the pending purchase of Boeing 787 aircraft by CAL will be completed before Taiwan's March 2008 presidential election, and may be postponed until some time after the inauguration of the next president. He stated Boeing's senior management is exclusively focused on public relations damage control. Further, in his view it would be politically untenable for President Chen Shui-bian's administration to proceed with the purchase.

YOUNG